

ym

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

JEFFERSON-PILOT INVESTMENTS, INC., a  
North Carolina corporation,

Plaintiff,

v.

CAPITAL FIRST REALTY, INC., an Illinois  
corporation, SUNSET VILLAGE LIMITED  
PARTNERSHIP, an Illinois limited partnership;  
TCF NATIONAL BANK, a national banking  
association; L H BLOCK ELECTRIC  
COMPANY, INC., an Illinois corporation,  
DOHERTY, GIANNINI, REITZ  
CONSTRUCTION, INC., an Illinois corporation,  
and EAGLE HEATING & COOLING INC., an  
Illinois corporation, and LAYNE CHRISTENSEN  
COMPANY, a Delaware corporation; and  
LAYNE-WESTERN, a division of Layne  
Christensen Company, a Delaware corporation,

Defendants.

JEFFERSON-PILOT INVESTMENTS, INC., a  
North Carolina corporation,

Counter-Defendant/Counter-Plaintiff,

v.

THE KLARCHEK FAMILY TRUST, a Trust  
organized under the laws of the State of Illinois;  
JOHN COSTELLO, not individually but solely as  
Trustee of the Klarchek Family Trust; JOHN  
LOGIUDICE, not individually but solely as  
Trustee of the Klarchek Family Trust; WOLIN,  
KELTER and ROSEN, LTD., an Illinois  
corporation; BAUCH & MICHAELS, LLC, an  
Illinois limited liability company; CAPITAL  
FIRST REALTY, INC., an Illinois corporation;  
CAPITAL HOME SERVICES CORP., an Illinois  
corporation; GILSON, LABUS & SILVERMAN,

Case No. 10-cv-07633

Judge Matthew F. Kennelly

Magistrate Judge Jeffrey N. Cole

FILED  
NOV 28 2011  
NOV 28 2011  
MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT

LLC an Illinois limited liability company; BRIAN )  
GALLAGHER, an individual, JAY KLARCHEK, )  
an individual, and SUNSET VILLAGE LIMITED )  
PARTNERSHIP, an Illinois limited partnership; )  
Third-Party Defendants. )

**NOTICE OF FILING**

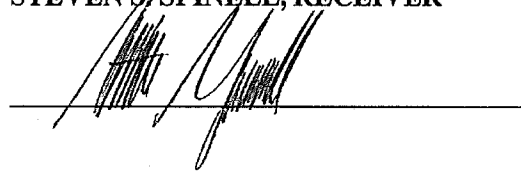
TO: SEE ATTACHED SERVICE LIST

**PLEASE TAKE NOTICE** that on **November 23, 2011**, the undersigned caused to be filed with the Clerk of the United States District Court, Northern District of Illinois – Eastern Division, Chicago, Illinois, **Third Receiver Report**, a true and correct copy of which is attached hereto and served upon you.

Dated: November 23, 2011

Respectfully submitted,

**STEVEN S. SPINELL, RECEIVER**

A handwritten signature in dark ink, appearing to read 'S. Spinell', is written over a horizontal line.

Steven S. Spinell, Receiver  
Kinzie Real Estate Group  
212 Kinzie Street, 5th Floor  
Chicago, IL 60654  
(312) 464-8800 – Telephone  
(312) 464-8801 – Facsimile

**CERTIFICATE OF SERVICE**

I, Leonard S. Shifflett, an attorney, hereby certify that I caused the foregoing **Notice of Filing** referenced therein, to be filed with the Clerk of the Court and served upon all counsel of record via U.S. Mail:

Michael J. Kralovec, Esq.  
[mkralovec@nlklaw.com](mailto:mkralovec@nlklaw.com)  
Joseph R. Lemersal, Esq.  
[jlemersal@nlklaw.com](mailto:jlemersal@nlklaw.com)  
Kralovec Meenan LLP  
53 West Jackson Blvd., Suite 1102  
Chicago, IL 60604  
(312) 788-1111  
*Attorneys for Capital First Realty*

Vincent T. Borst, Esq.  
[vborst@rsplaw.com](mailto:vborst@rsplaw.com)  
Catherine A. Cooke, Esq.  
[ccooke@rsplaw.com](mailto:ccooke@rsplaw.com)  
Robbins, Salomon & Patt, Ltd.  
25 East Washington St., Suite 1000  
Chicago, IL 60602  
(312) 782-9000  
*Attorneys for TCF National Bank*

Paul M. Bauch, Esq.  
[pbauch@bauch-michaels.com](mailto:pbauch@bauch-michaels.com)  
Kenneth A. Michaels, Jr., Esq.  
[kmichaels@bauch-michaels.com](mailto:kmichaels@bauch-michaels.com)  
Carolina Y. Sales, Esq.  
[csales@bauch-michaels.com](mailto:csales@bauch-michaels.com)  
Bauch & Michaels, LLC  
53 West Jackson Blvd., Suite 1115  
Chicago, IL 60604  
(312) 588-5000  
*Attorneys for Sunset Village Limited Partnership*

Sara A. Cooper, Esq.  
[scooper@buplaw.com](mailto:scooper@buplaw.com)  
Donald A. Shindler, Esq.  
[dshindler@buplaw.com](mailto:dshindler@buplaw.com)  
Brown, Udell, Pomerantz & Delrahim, Ltd.  
1332 North Halsted St., Suite 100  
Chicago, IL 60642  
(312) 475-9900  
*Attorneys for Eagle Heating & Cooling, Inc.*

Harold Rosen, Esq.  
[hrosen@wolinelaw.com](mailto:hrosen@wolinelaw.com)  
Jeffrey A. Schulman, Esq.  
[jschulman@wolinelaw.com](mailto:jschulman@wolinelaw.com)  
Wolin Kelter & Rosen, Ltd.  
55 West Monroe St., Suite 3600  
Chicago, IL 60603  
(312) 424-0600  
*Attorneys for Sunset Village Limited Partnership*

Marc S. Mayer, Esq.  
[mmayer@mayerandmarshlaw.com](mailto:mmayer@mayerandmarshlaw.com)  
Michael V. Marsh, Esq.  
[mmarsh@mayerandmarshlaw.com](mailto:mmarsh@mayerandmarshlaw.com)  
Mayer & Marsh  
123 West Madison St., Suite 700  
Chicago, IL 60602  
(312) 908-0462  
*Attorneys for Layne Christensen Company and Layne-Western*

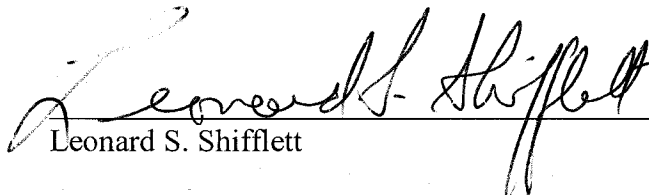
Paul M. Bauch, Esq.  
[pbauch@bauch-michaels.com](mailto:pbauch@bauch-michaels.com)  
Kenneth A. Michaels, Jr., Esq.  
[kmichaels@bauch-michaels.com](mailto:kmichaels@bauch-michaels.com)  
Carolina Y. Sales, Esq.  
[csales@bauch-michaels.com](mailto:csales@bauch-michaels.com)  
Bauch & Michaels, LLC  
53 West Jackson Blvd., Suite 1115  
Chicago, IL 60604  
(312) 588-5000  
*Attorneys for Bauch & Michaels, LLC*

John D. Galarnyk, Esq.  
[john@galarnykltd.com](mailto:john@galarnykltd.com)  
Sarah Allison, Esq.  
[sarah@galarnykltd.com](mailto:sarah@galarnykltd.com)  
Galarnyk & Associates, Ltd.  
70 West Madison St., Suite 2100  
Chicago, IL 60602  
(312) 441-5800  
*Attorneys for The Klarchek Family Trust,  
John Costello, and John Loguidice*

John J. Duffy, Esq.  
[john.duffy@dbmslaw.com](mailto:john.duffy@dbmslaw.com)  
Daniel J. Cozzi, Esq.  
[daniel.cozzi@dbmslaw.com](mailto:daniel.cozzi@dbmslaw.com)  
Donohue Brown Mathewson & Smyth LLC  
140 South Dearborn St., Suite 800  
Chicago, IL 60603  
(312) 422-0995  
*Attorneys for Wolin, Kelter & Rosen, Ltd.*

Mark J. Rose, Esq.  
[mjroseeq@aol.com](mailto:mjroseeq@aol.com)  
Law Offices of Mark J. Rose  
200 West Adams St., Suite 2850  
Chicago, IL 60606  
(312) 704-1446  
*Attorneys for Gilson Labus & Silverman LLC*

Dated: November 28, 2011

  
Leonard S. Shifflett

**FILED**

NOV 28 2011

MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT

2450 Waukegan Road  
Glenview, IL 60093

CASE NO. 10-cv-07633

November 17

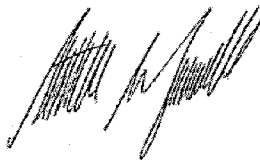
**2011**

---

## **3RD RECEIVER REPORT**

COVERING TIME PERIOD 9/9/2011 – 11/8/2011

**PREPARED BY:**



**Steven S. Spinell, Receiver**  
(312.464.8800 x261)

3<sup>rd</sup> Receiver Report  
CASE NO. 10-cv-07633  
November 17, 2011

---

**TO:** United States District Court for the Northern District of Illinois, Eastern Division

**FROM:** Steven S. Spinell, Receiver

**RE:** CASE NO. 10-cv-07633  
3<sup>rd</sup> Receiver Report  
Period 9/9/2011 – 11/8/2011

**DATE:** November 17, 2011

---

*The Receiver, Steven S. Spinell, herewith submits a report summarizing the receivership period from September 9, 2011 through November 8, 2011. Pursuant to the Court Order (**Exhibit A**) and Receiver Bond (**Exhibit B**), Steven S. Spinell was appointed Receiver for the mortgaged property commonly known as Sunset Village located at 2450 Waukegan Road, Glenview, IL 60093, herein referred to as the "Property".*

#### **IDENTIFICATION OF THE PROPERTY**

The Property is improved as a manufactured home community. It consists of approximately 30 acres with a total of approximately 404 concrete pads and utility connections for manufactured housing units. Additionally there are various single story management and maintenance facilities and an out lot which is currently leased to Enterprise Rent a Car.

The site has approximately 530' of frontage along the west side of Waukegan Road and is approximately 1,850' deep. Of the 30 acres, approximately 11 acres is subject to an un-subordinated ground lease. Of the 404 pads, roughly 269 pads are located on the owned parcels and 135 pads on the leased parcel.

Site improvements include a one story block and glass community center containing approximately 2,450sf and a one story property management building containing approximately 2,525sf. There are also two single level masonry maintenance buildings (1,400sf and 1,250sf) and a 100sf lift station building.

Site infrastructure includes asphalt paved streets with concrete curbs and gutters. The site is served by several wells for domestic water and is connected to the municipal sanitary sewer system.

#### **GENERAL PROJECT STATUS- Receivership Period of 9/9/11 through 11/8/11**

The previous Receiver Report covered a period from 7/8/11 to 9/8/11. Since the last Receiver Report, the following has occurred:

- The Receiver has provided daily oversight of the on-site property management and maintenance staff. Oversight includes weekly site visits or more frequently as needed to direct maintenance plan and capital repairs.

Steven S. Spinell, Receiver | 212 W. Kinzie Street, 3<sup>rd</sup> Floor Chicago, IL 60654 | 312.464.8800 x261

**3<sup>rd</sup> Receiver Report**  
**CASE NO. 10-cv-07633**  
**November 17, 2011**

---

- The Receiver has researched and sought advice from council concerning the "rebate" program which was being administered by the defendant in the form of rebate checks which were being paid to approximately 20 residents and which was offered as an incentive when residents purchased new mobile homes. At this time, the Receiver's council has provided the opinion that this "rebate" program is not referenced in any lease agreement associated with the lot rent and therefore it cannot be paid by the Receiver.
- The Receiver has worked closely with the Village of Glenview and the Sunset Village field staff to implement an orderly and effective process to supervise the removal of the units which were sold at auction in mid-August. This process proved to be very involved given that there were multiple trucking firms working on the site at one time and that the Village of Glenview had no formal process by which to permit for proper electrical disconnections, site safety, and lot release. Ultimately, the Receiver was able to implement a series of standards and instructions which dictated security deposits; insurance, work hours, proper electrical disconnections and site release check lists which have contributed to the orderly removal of over 40 homes thus far.
- The Receiver has implemented a series of maintenance repairs discussed at the Sunset Community Resident feedback meeting hosted by the Receiver on 9/8/11. These repairs are further described in the Repairs and Maintenance section later in this report.
- The Receiver assembled financial due diligence materials at the request of the Plaintiff and provided the material to 3<sup>rd</sup> party consultant for valuation purposes.
- The Receiver has maintained on-going dialogue with board members of the Sunset Village Resident Association concerning various property management and maintenance issues (including the status of the "rebate" program).
- The Receiver retained council and directed council to serve delinquent residents with formal notice (5 day letters) and begin eviction process.
- The Receiver has had several discussions with the Attorney General's office concerning pending complaints filed concerning domestic water (Radium issue) and sanitary sewer problems. In response to request from AG's office, the Receiver contracted Manhard Consulting to perform analysis of water and sewer systems and a draft report was received on 10/31/11 and is currently under review.
- Receiver provided updated instructions to Southeast Auctions concerning an on-line auction which ended on 11/1/11 and was offering 19 additional bank-owned mobile homes for sale. The Receiver has requested status of sale and new ownership in order to enforce rent collection policy provided to auctioneer.

#### **INSURANCE**

Since the last report the Receiver solicited competitive quotes and has renewed the insurance policy thru Alliance Insurance. The policy term is 10/5/11 thru 10/5/12 with an annual premium of \$40,071 which will be paid in monthly installments of \$3,301.95 by the Receiver. Attached are the current binders for the property and umbrella (*Exhibit C*).

**3<sup>rd</sup> Receiver Report**  
**CASE NO. 10-cv-07633**  
**November 17, 2011**

## OCCUPANCY AND INCOME

At the time of the initial takeover by the Receiver there were 229 lots shown as leased on the rent roll. Currently there are 196 lots being leased. This reduction is primarily a result of eviction notices being served by the chattel lenders on the rental units and general resident uncertainty stemming from auctioned homes being removed and the overall foreclosure process. All but two of the homes sold at the 8/12/11 auction have been removed. An additional 5 homes sold at auction on 11/1/11 have been removed.

The table below summarizes the current status of the entire 404 lots.

Sunset Village Lot Status Summary

Lot Category	Number of Units	Description	Status
Vacant	164	Vacant pads with no homes	Existing pads may not meet current village standards for installation of new units.
Resident Occupied	121	Homes without financing through Capital First related entity or owned free & clear	4 residents more than 60 days and subject to eviction process
Resident Occupied-Loan	62	Homes with financing	7 units are more than 60 days and subject to eviction process
Inventory Home	41	These homes are vacant and owned by various chattel lenders or they are homes abandoned by residents	The breakdown of these units is as follows: 20 units are abandoned/unrentable, 13 units were part of 11/1/11 auction and receiver has requested confirmation of sale and new ownership, 6 units are likely to be sold in future auction by chattel lender, and 2 units are being scheduled for pick up by chattel lender
CHR-R	11	Tenant pays full lot rent to Sunset Village and separate rent payment to owner of mobile home (chattel lender)	Lenders who own these homes have allowed tenants to continue renting homes
Dealer Occupied-NR	3	These homes were purchased at auction in August by new owners but have not been collected	It is anticipated that two of these homes will be removed before month end.
Employee	2	Units with special employee discount	free or partial rent to property management staff
Total	404		

Currently 11 residents are more than 60 days delinquent on lot rent. **The Receiver has secured council and council has formally served delinquent tenants with 5 day notices.**

## SALES/LEASING

All new home and inventory home sales efforts directly through Sunset Village have been suspended due to lack of consumer financing.

## REPAIRS AND MAINTENANCE

The Receiver is utilizing Kinzie Real Estate Group LLC to provide property management services. The existing on-site Sunset Village management/leasing/maintenance team has been retained as independent contractors. Among the many activities currently being supervised, Kinzie has caused the following to occur:

- Ongoing general maintenance to the property including fall landscape clean up and maintenance/preparation of equipment and facilities for winter snow removal.

**Steven S. Spinell, Receiver | 212 W. Kinzie Street, 3<sup>rd</sup> Floor Chicago, IL 60654 | 312.464.8800 x261**



**3<sup>rd</sup> Receiver Report**  
**CASE NO. 10-cv-07633**  
**November 17, 2011**

---

- Staff has worked with the Village of Glenview to scheduled demolition of certain abandoned homes which have suffered fire damage or general functional obsolescence. Four homes have been demolished during this reporting period. This process involves safely disconnecting utility services, dismantling structural frame system with welding torches and crushing/discarding single and double wide modular units in dumpsters. This process is handled with site staff and site equipment (Bobcat and backhoe). Additional units are currently being scheduled for demolition.
- Maintenance staff has been winterizing vacant pads which includes capping sewer connections and shutting off and insulating water connections.
- Maintenance staff has worked with plumbing staff on multiple water main breaks/repairs including significant repairs at 41 S. Branch and the property management office.
- Maintenance staff has been working with plumbing contractor to investigate/repair low water pressure complaints from multiple residents in SW portion of property. Work has included inspections of individual water connections at homes and "cam pipe vibrating" procedure to clear blockages.
- Maintenance staff has been working with electrical contractor to investigate a series of exterior pole lighting outages which have been the result of electrical pedestal disconnections by individual home owners when homes have been removed. It appears that much of the site lighting was being service by temporary connections and now must be rerouted to dedicated electrical pedestals serving community common areas. This project is ongoing.

**Future Maintenance and Repairs**

- Removal of large mound of concrete & debris from 10<sup>th</sup> Street scheduled for end of November and is budgeted for \$4,000.
- Additional tree removal and tree trimming due to storm damage to be completed by the end of November and is budgeted for \$4,000.
- A comprehensive program to patch potholes throughout the site to avoid further deterioration and safety issues has been bid. The budget for this work is \$16,500 and the work is to be completed by the end of November (before batch plants close for the winter).
- Final repair of paving at intersection of Waukegan & Willow Roads (section 8' x 40') which was caused by emergency excavation/repair of ruptured sewer main. This repair work was submitted to IDOT several weeks ago and is pending final approval. This is located at major intersection and involves extensive traffic control measures and off-peak work hours. Anticipated cost is \$17,000.
- Well repairs: Investigation by Manhard Consultants concerning the various issues related to the well system has confirmed that 2 of the 4 on-site wells are inoperable or underperforming. This fact has impacted the ability to meet the IEPA Radium minimum standards, despite recent repair/replacement of mixing equipment. Manhard is currently preparing recommendations and a cost estimate that involves rehabbing the two underperforming wells (if possible), constructing a

**3<sup>rd</sup> Receiver Report**  
**CASE NO. 10-cv-07633**  
**November 17, 2011**

small structure for the primary well to provide proper security and freeze protection for the main well systems, repairing back-up generator for main well house pump system, and provide general maintenance to check all pumps/gauges/electronics of overall system.

- Sewer repairs: Investigation by Manhard Consulting in response to recent complaint filed by Attorney General office has yielded a list of recommendations including installation of cutter-type impeller on lift station, power jet clean force main (if possible) and televising to determine condition/repair, install dialer system on lift station to provide staff alert of operational problems, and institute a regular preventative maintenance plan of power jet cleaning system. Manhard is in the process of creating a budget for these recommendations.

#### PROPERTY TAXES

Per our investigation and included on a recent property appraisal, there are three property index numbers (PINs) associated with this property as follows:

04-23-300-004-0000.....	2450 Waukegan Road
04-23-302-004-0000.....	2450 Waukegan Road
04-23-401-003-0000.....	2300 Waukegan Road (Enterprise Rental)

Per investigation of the Cook County Assessor's website, the 2011 First Pass Assessments are as follows:

	2450 Waukegan Rd <u>PIN 04-23-300-004-0000</u>	2450 Waukegan Rd <u>04-23-302-004-0000</u>	2300 Waukegan Rd <u>04-23-401-003-0000</u>
Land	223,556	126,042	48,875
Building	<u>1,147,012</u>	<u>508,802</u>	<u>114,173</u>
Total	<u>\$1,370,568</u>	<u>\$634,844</u>	<u>\$163,048</u>

Per investigation on the Cook County Treasurer website, the 2010 property taxes (payable in 2011) first installments were due on 4/1/10. For PIN 04-23-300-004-0000 the amount due was \$137,479.34. The Receiver paid the first installment taxes on 6/28/11 totaling \$143,665.91 (including \$6,186.57 in penalties) with funds wire transferred by the Plaintiff. For PIN 04-23-302-004-0000 the amount due was \$66,120.86. The Receiver paid the first installment taxes on 6/28/11 totaling \$69,096.29 (including \$2,975.43 in penalties) on 6/28/11 with funds wire transferred by the Plaintiff. For PIN 04-23-401-003-0000 the amount due was \$7,479.52. The Receiver paid the first installment taxes on 6/28/11 totaling \$7,816.09 (including \$336.57 in penalties) with funds wire transferred by the Plaintiff.

The 2010 2<sup>nd</sup> installment property taxes (payable in 2011) for PIN 04-23-300-004-0000 in the amount of \$110,005.74 were due on 11/1/11 and were paid in full on 10/26/11 by the Receiver with funds from the operating account. For PIN 04-23-302-004-0000 taxes in the amount of \$50,451.78 were due on 11/1/11 and were paid in full on 10/26/11 by the Receiver with funds from the operating account. For PIN 04-23-401-003-0000 taxes in the amount of \$24,212.10 were also due on 11/1/11 and were paid in full on 10/26/11 by the Receiver with funds from the operating account.

Per investigation on the Cook County Assessor's website and prior to receivership, there was an appeal filed by Klafter & Burke. The proposed value for PIN 04-23-300-004-0000 was \$1,781,740; for PIN 04-

**3<sup>rd</sup> Receiver Report**  
**CASE NO. 10-cv-07633**  
**November 17, 2011**

23-302-004-0000 was \$825,298; for PIN 04-23-401-003-000 was \$163,048. The appeal process was completed and the new 2010 assessed value (Assessor Certified) is as follows:

The 2010 Board of Review Certified property tax assessments for the property currently are as follows:

	2450 Waukegan Rd <u>PIN 04-23-300-004-0000</u>	2450 Waukegan Rd <u>04-23-302-004-0000</u>	2300 Waukegan Rd <u>04-23-401-003-0000</u>
Land	290,623	163,855	48,875
Building	<u>982,645</u>	<u>435,891</u>	<u>114,173</u>
Total	<u>\$1,273,268</u>	<u>\$599,746</u>	<u>\$163,048</u>

Per investigation on the Cook County Treasurer website, the 2009 property taxes (payable in 2010) first installments were due on 3/2/10. For PIN 04-23-300-004-0000 the amount due was \$121,297.72 and per the Cook County Treasurer's website were paid in full on 2/25/10. For PIN 04-23-302-004-0000 the amount due was \$58,338.23 and per the Cook County Treasurer's website were paid in full on 2/25/10. For PIN 04-23-401-003-0000 the amount due was \$8,743.67 and per the Cook County Treasurer's website were paid in full on 3/1/10.

Per investigation on the Cook County Treasurer website, the 2009 property taxes (payable in 2010) second installments were due on 12/13/2010. For PIN 04-23-300-004-0000 the amount due was \$128,664.71. The Receiver paid the 2009 second installment taxes on 6/28/11 totaling \$142,184.50 (including \$13,519.79 in penalties) with funds wire transferred by the Plaintiff. For PIN 04-23-302-004-0000 the amount due was \$61,881.51. The Receiver paid the 2009 second installment taxes on 6/28/11 totaling \$68,389.05 (including \$ 6,507.54 in penalties) on 6/28/11 with funds wire transferred by the Plaintiff. For PIN 04-23-401-003-0000 the amount due was \$4,855.45. The Receiver paid the 2009 second installment taxes on 6/28/11 totaling \$5,375.26 (including \$519.81 in penalties) with funds wire transferred by the Plaintiff.

The 2009 Board of Review Certified property tax assessments for the property are as follows:

	2450 Waukegan Rd <u>PIN 04-23-300-004-0000</u>	2450 Waukegan Rd <u>04-23-302-004-0000</u>	2300 Waukegan Rd <u>04-23-401-003-0000</u>
Land	357,690	201,668	48,875
Building	<u>1,071,692</u>	<u>485,795</u>	<u>28,890</u>
Total	<u>\$1,429,382</u>	<u>\$687,463</u>	<u>\$ 77,765</u>

Per the Realist section of the Multiple Listing Service website, the 2008 property taxes payable in 2009 totaled \$342,509 for all 3 PINs.

Per the Realist section of the Multiple Listing Service website, the 2008 Assessor Certified property tax assessments for the property are as follows:

	2450 Waukegan Rd <u>PIN 04-23-300-004-0000</u>	2450 Waukegan Rd <u>04-23-302-004-0000</u>	2300 Waukegan Rd <u>04-23-401-003-0000</u>
Land	447,113	252,085	74,290
Building	<u>982,268</u>	<u>435,377</u>	<u>28,746</u>

**3<sup>rd</sup> Receiver Report**  
**CASE NO. 10-cv-07633**  
**November 17, 2011**

---

Total	<u>\$1,429,381</u>	<u>\$687,462</u>	<u>\$103,036</u>
-------	--------------------	------------------	------------------

**BANKING AND FINANCIAL ACTIVITY**

During the period of this report there was a total of \$364,636.01 deposited into the operating account. Included in this amount is a total of \$2,000 in refundable deposits collected from the trucking companies being used for removal of the auctioned trailers. There was a total of \$336,019.91 of expenses incurred including \$184,669 for 2<sup>nd</sup> Installment 2010 RE Taxes. Of the expenses, \$10,974 still needs to be disbursed. The net property cash balance was \$408,997.18 as of 10/31/11.

Per the court order and based on four full months of operating information the Receiver has projected monthly operating income and expenses for November and December. Certain anticipated expenditures for various maintenance and capital repair items are included but are subject to change based on actual costs encountered in the field. This activity is detailed in the attached Summary of Financial Condition table (*Exhibit D*).

The Receiver requests approval of the attached invoice for services rendered in September 2011 in the amount of \$10,898.76 as shown in (*Exhibit E*).

3<sup>rd</sup> Receiver Report  
CASE NO. 10-cv-07633  
November 17, 2011

---

# **EXHIBIT A**

## **COURT ORDER APPOINTING RECEIVER**

JEFFERSON-PILOT INVESTMENTS, INC., )  
a North Carolina corporation, )  
 )  
Plaintiff, ) Case No. 10-cv-07633  
 )  
v. ) Judge Matthew F. Kennelly  
 )  
CAPITAL FIRST REALTY, INC., an Illinois ) Magistrate Judge Jeffrey N. Cole  
corporation, et al. )  
 )  
Defendants. )

**2. Receiver's Bond:**

Before performing its duties, and within five days of this appointment, the Receiver shall, as a property expense, post a bond issued by a surety approved by the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division in the sum of one-hundred-sixty-thousand dollars (\$160,000.00), conditioned upon the faithful performance of the Receiver's duties. The appointment of the Receiver shall be effective upon the posting of said bond.

**3. Receiver's Fees:**

The Receiver shall be compensated for his receivership duties as set forth in Paragraph 11 hereafter.

**4. Receiver's General Duties:**

The Receiver shall take immediate possession, custody and control of the Property including, without limitation, all assets, royalties, rents, receivables, accounts, deposits, equities, and profits of the receivership estate. Receiver shall care for, preserve and maintain the Property, and incur the expenses necessary for the care, preservation and maintenance of the Property.

**5. Inventory:**

Within thirty (30) days after qualification hereunder, the Receiver shall file an inventory of all of the Property of which he has taken possession pursuant to this Order.

**6. Collection of Rents and Income:**

The Receiver shall collect all rents, profits and income which are now or hereafter may be due related to the Property and improvements thereon, including such rents, income and profits presently held in bank accounts for the Property.

**7. Leases / Rentals:**

Subject to the Court's prior approval, the Receiver may make, enter and negotiate leases; obtain and eject tenants; and set or modify rents and terms of rent. The Receiver, or any brokerage service which it retains, will not be entitled to any commission or any other form of compensation for the renewal, amendment, modification, or extension of any lease with an existing tenant, but will be entitled to such compensation, subject to the Court's prior approval, with respect to new tenants. The Receiver is not authorized to employ and compensate unlawful detainer attorneys or eviction services with respect to the operation of the Property with prior approval by the Court.

**8. Security Deposits:**

Any security or other deposits which tenants have paid to Defendant Sunset Village Limited Partnership ("Sunset Village"), Capital First Realty, Inc. ("Capital First"), or their agents and which are not paid to the Receiver, and over which the Receiver has no control, shall be obligations of said Defendants and may not be refunded by the Receiver without an order of this Court. Any other security or other deposits which tenants have paid or may pay to the Receiver, if otherwise refundable under the terms of their leases or agreements with the Receiver, shall be refundable by the Receiver in accordance with the leases or agreements.



**9. Issuance of Receiver's Certificates**

The Receiver is permitted to issue Receiver's Certificates of Indebtedness to provide funding for operations and to protect, preserve, and maintain the Property, and such Receiver's Certificates shall be a first lien on the Property and prior to any and all other liens on the Property, provided that if such debt, liability or obligation is for completing repairs due to allegedly defective work or design, the relative priority of such lien and other lien claims shall be determined by the Court by separate Order in accordance with governing statutes.

**10. Monthly Statements:**

Within thirty (30) days of being appointed and every sixty (60) days thereafter, the Receiver shall prepare and serve on all parties and file with the Court statements reflecting all sums received by the Receiver, all expenditures of money by the Receiver, all sums held by the Receiver, and the Receiver's fees and administrative expenses, including fees and costs of accountants and attorneys authorized by the Court, incurred for each monthly period in the operation and administration of the receivership estate. The Receiver's statement shall also contain a *pro forma* budget of reasonably anticipated expenditures for the next month. The statement and reports shall be produced subject to normal accounting periods. These statements and all fees and expenses shall be submitted to the Court for its approval and confirmation, in the form of either a properly noticed interim request for fees and approval of Receiver's Report, a stipulation of all parties, or in the Receiver's Final Account and Report.

**11. Management of the Property:**

The Receiver may employ agents, employees, clerks, accountants, and property managers (including, but not limited to, Kinzie Real Estate Group) to administer the receivership estate, purchase materials, supplies and services, and shall do all things and incur the risks and obligations ordinarily incurred by owners, managers and operators of similar businesses and enterprises as such Receiver. No such risk or obligation so incurred shall be the personal risk or obligation of this Receiver, but shall be the risk and obligation of the Property. During the first thirty (30) days of the receivership, the Receiver and the aforementioned personnel who are engaged hereunder shall be compensated out of the funds which shall come into the Receiver's possession at the ordinary and usual rates as set forth in the Motion for the Appointment of Receiver. On Motion, the Court will review and set rates or other methods of compensation for the Receiver and the aforementioned personnel who are engaged hereunder for periods following the first thirty (30) days of the Receivership.

**12. Bank Accounts:**

The Receiver shall take possession of and receive from all depositories, banks, brokerages and otherwise, any money on deposit in such institutions relating to the receivership estate and is empowered to open or close any such accounts. Receiver shall deposit monies and funds collected and received in connection with the receivership estate at federally-insured banking institutions or savings associations, which are not parties to this case. Monies coming into the possession of the Receiver and not expended for any purposes herein authorized shall be held by the Receiver pending further orders of this Court.

**13. Insurance:**

The Receiver shall determine upon taking possession of the Property whether in the Receiver's judgment there is sufficient insurance coverage. With respect to any insurance coverage in existence or obtained, the Receiver shall be named as an additional insured on the policies for the period that the Receiver shall be in possession of the Property. If sufficient insurance coverage does not exist, the Receiver shall immediately notify the parties to this lawsuit and shall have thirty (30) calendar days to procure sufficient all-risk and liability insurance on the Property (excluding earthquake and flood insurance) provided, however, that if the Receiver does not have sufficient funds to do so, the Receiver shall seek instructions from the Court with regard to whether insurance shall be obtained and how it is to be paid for. If consistent with existing law, the Receiver shall not be responsible for claims arising from the lack of procurement or inability to obtain insurance.

**14. Plaintiff to Notify Receiver of the Appearances of all Parties.**

Plaintiff is ordered to promptly notify the Receiver of the names, addresses, and telephone numbers of all parties and their counsel who appear in the action, so that the Receiver may give notice to all parties of any matters affecting the receivership.

**15. Receiver's Final Report and Account:**

As soon as is practicable after the receivership terminates, the Receiver shall file, serve, and set for hearing in this Court his Final Report and Account. Notice must be given to all persons of whom the Receiver is aware who have potential claims against the receivership estate.

The motion to approve the final report and accounting, and for discharge of the Receiver, shall contain a summary of the receivership accounting including an enumeration, by major categories, of total revenues and total expenditures, the net amount of any surplus or deficit with supporting facts, a declaration under penalty of perjury of the basis for the termination of the receivership, and evidence to support an order for the distribution of any surplus, or payment of any deficit, in the receivership estate.

**16. Instructions from the Court:**

The Receiver and the parties to this case may at any time apply to this Court for further or other instructions or orders and for further powers necessary to enable the Receiver to perform the Receiver's duties properly.

**17. It Is Further Ordered** that Defendants Sunset Village and Capital First, and each of them, and their respective agents, partners, property managers, employees, assignees, successors, representatives, and all persons acting under, in concert with, or for them:

**A. Turnover of Property:**

Shall relinquish and turn over possession of the Property to the Receiver upon his appointment becoming effective;

**B. Turnover of Keys, Books, and Records:**

Shall turn over to the Receiver and direct all property managers and other third parties in possession thereof to turn over all keys (including keys to all common areas, all units owned by said Defendants, the storage areas, and any other spaces in any buildings), contracts, project and floor plans, leases, lists of all personal property owned

by said Defendants, lists of repairs needed anywhere on the Property, books, records, books of account, and all other business records relating to the Property, wherever located, and in whatever mode maintained, including information contained on computers and any and all software relating thereto as well as all banking records, statements and cancelled checks;

**C. Turnover of Licenses, Permits, and Taxpayer ID Number:**

Shall turn over to the Receiver all documents which pertain to all licenses, permits, or government approvals relating to the Property and shall immediately advise the Receiver of Federal and State taxpayer identification numbers used in connection with the operation of the Property;

**D. Notification of Insurance:**

Shall immediately advise the Receiver as to the nature and extent of insurance coverage on the Property, including payment history, shall immediately turn over copies of all policies of insurance, shall immediately name the Receiver as an additional insured on the insurance policy(ies) for the period that the Receiver shall be in possession of the Property, and is prohibited from canceling, reducing, or modifying any and all insurance coverage currently in existence with respect to the Property; and

**E. Turnover of Monies and Security Deposits:**

Defendants, and each of them, and their respective agents, employees, partners, and all other persons in concert with them, are ordered to immediately turn over to the Receiver any monies (including, but not limited to, security deposits, prepaid rent, prorated rents, or funds in property management bank accounts for the Property including, but not limited to, the Chase accounts which are the subject of the Court's

Temporary Restraining Order entered May 31, 2011) which represent rental or lease payments with respect to the Property, which are received, or have been received by Defendants. The tenants occupying, using or leasing the Property, or any portion thereof, shall now make payments to the Receiver.

**18. It is Further Ordered** that pending further Order of this Court, Defendants, and each of them, and their agents, partners, property managers and employees, and all other persons acting in concert with them who have actual or constructive knowledge of this Order, and their agents and employees, **shall not:**

**A. Commit Waste:**

Commit or permit any waste on the Property or any part thereof, or suffer or commit or permit any act on the Property or any part thereof in violation of law, or remove, transfer, encumber or otherwise dispose of any of the Property or the fixtures presently on the Property or any part thereof;

**B. Collect Rents:**

Demand, collect, receive, discount, or in any other way divert or use any of the rents from the Property;

**C. Interfere with Receiver:**

Directly or indirectly interfere in any manner with the discharge of the Receiver's duties under this Order or the Receiver's possession of and operation or management of the Property;

**D. Transfer or Encumber the Property:**

Expend, disburse, transfer, assign, sell, convey, devise, pledge, mortgage, create a security interest in, encumber, conceal or in any manner whatsoever deal in or

dispose of the whole or any part of the Property, including, but not limited to, the rents, without prior Court Order; and

**E. Impair Preservation of Property or Plaintiff's Interest:**

Do any act which will, or which will tend to, impair, defeat, divert, prevent or prejudice the preservation of the Property, including the rents, or the preservation of Plaintiff's interest in the Property and the rents.

ENTERED:

Dated: June 2, 2011

s/ Matthew F. Kennelly  
JUDGE

*Prepared by:*

Leonard S. Shifflett, Esq. (ARDC No. 2587432)

leonard.shifflett@quarles.com

Faye B. Feinstein, Esq. (ARDC No. 6186627)

faye.feinstein@quarles.com

Brook Krekow, Esq. (ARDC No. 6300258)

brooke.krekow@quarles.com

Michael S. Rhinehart, Esq. (ARDC No. 6302834)

michael.rhinehart@quarles.com

QUARLES & BRADY LLP

300 North LaSalle Street, Suite 4000

Chicago, Illinois 60654

(312) 715-5000 (Telephone)

(312) 715-5155 (Facsimile)

3<sup>rd</sup> Receiver Report  
CASE NO. 10-cv-07633  
November 17, 2011

---

# **EXHIBIT B**

## **RECEIVER BOND**



RECEIVED

JUN X 7 2011

**The Cincinnati Insurance Company**  
*Cincinnati, Ohio*

MICHAEL W. DOBBINS  
CLERK, U. S. DISTRICT COURT

Bond No.: 8495807  
Case #10-cv-07633

**RECEIVER'S BOND**

KNOW ALL MEN BY THESE PRESENTS: that Steven S. Spinell  
\_\_\_\_\_  
\_\_\_\_\_, as Principal and *The Cincinnati Insurance Company*, as Surety, are held and firmly bound unto Capital First Realty, Inc.

\_\_\_\_\_, as Oblige, in the sum of  
One Hundred Sixty Thousand Dollars and 00/100xxxxxxxxxxxxxxx \$(160,000.00)  
to be paid to said Oblige, its successors and assigns, for the payment thereof well and truly to be made, we jointly and severally bind ourselves, our heirs, executors, administrators, successors and assigns firmly by these presents.

THE CONDITIONS of the above obligation are such that.

WHEREAS, by the order of the United States District Court of  
No. District IL Eastern Division County, said Principal was appointed Receiver on the  
2nd day of June, 2011 for the receivership  
of 2450 North Waukegan Road, Glenview, IL 60093 and was ordered before  
entering discharge of duties as such receiver to execute a bond according to law in the  
aforesaid amount.

NOW THEREFORE, if said receiver shall faithfully discharge the duties in this action and obey the orders of the court therein, then this obligation shall be void, otherwise remain in full force and effect.

SIGNED and SEALED this 6th day of June, 2011 .

Principal: Steven S. Spinell

By: \_\_\_\_\_

Surety: *The Cincinnati Insurance Company*

By: \_\_\_\_\_  
Cathie Demitropoulos, Attorney-in-Fact

THE CINCINNATI INSURANCE COMPANY

Fairfield, Ohio

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That THE CINCINNATI INSURANCE COMPANY, a corporation organized under the laws of the State of Ohio, and having its principal office in the City of Fairfield, Ohio, does hereby constitute and appoint

William B. Edson; David H. Esser; William H. Hayes; Thomas R. Hayes;  
Howard A. Weiss and/or Cathie M. Demitropoulos

of Naperville, Illinois

and deliver on its behalf as Surety, and as its act and deed, any and all bonds, policies, undertakings, or other like instruments, as follows:

Any such obligations in the United States, up to  
Ten Million and No/100 Dollars (\$10,000,000.00).

This appointment is made under and by authority of the following resolution passed by the Board of Directors of said Company at a meeting held in the principal office of the Company, a quorum being present and voting, on the 6th day of December, 1958, which resolution is still in effect:

"RESOLVED, that the President or any Vice President be hereby authorized, and empowered to appoint Attorneys-in-Fact of the Company to execute any and all bonds, policies, undertakings, or other like instruments on behalf of the Corporation, and may authorize any officer or any such Attorney-in-Fact to affix the corporate seal; and may with or without cause modify or revoke any such appointment or authority. Any such writings so executed by such Attorneys-in-Fact shall be binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company."

This Power of Attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company at a meeting duly called and held on the 7th day of December, 1973.

"RESOLVED, that the signature of the President or a Vice President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Secretary or Assistant Secretary and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power of certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certified by certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company."

IN WITNESS WHEREOF, THE CINCINNATI INSURANCE COMPANY has caused these presents to be sealed with its corporate seal, duly attested by its Vice President this 1st day of April, 2007.



STATE OF OHIO  
COUNTY OF BUTLER

} ss:

THE CINCINNATI INSURANCE COMPANY

*Thomas H. Kelly*  
Vice President

On this 1st day of April, 2007, before me came the above-named Senior Vice President of THE CINCINNATI INSURANCE COMPANY, to me personally known to be the officer described herein, and acknowledged that the seal affixed to the preceding instrument is the corporate seal of said Company and the corporate seal and the signature of the officer were duly affixed and subscribed to said instrument by the authority and direction of said corporation.



*Mark J. Huller*  
MARK J. HULLER, Attorney at Law  
NOTARY PUBLIC - STATE OF OHIO  
My commission has no expiration  
date. Section 147.03 O.R.C.

I, the undersigned Secretary or Assistant Secretary of THE CINCINNATI INSURANCE COMPANY, hereby certify that the above is a true and correct copy of the Original Power of Attorney issued by said Company, and do hereby further certify that the said Power of Attorney is still in full force and effect.

GIVEN under my hand and seal of said Company at Fairfield, Ohio.

this 6th day of June 2011



BN-1005 (4/07)

*Bugby J. Schlemmer*  
Secretary


STATE OF ILLINOIS  
COUNTY OF DUPAGE

On this 6th day of May, 2011 before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came

Cathie M. Demitropoulos being by me first duly sworn according to law, did depose and say that she resides in Winfield, Illinois; that she is an Attorney-in-Fact of

CINCINNATI INSURANCE COMPANY

Corporation described in and which executed the foregoing instrument that she knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said corporation and that she signed her name thereto by like order; that she executed and delivered such instrument on behalf of said corporation as its voluntary act and deed for the uses and purposes therein mentioned.

  
\_\_\_\_\_  
Notary Public Megan Garofalo

3<sup>rd</sup> Receiver Report  
CASE NO. 10-cv-07633  
November 17, 2011

---

# **EXHIBIT C**

## **INSURANCE CERTIFICATE**



# INSURANCE BINDER

DATE (MM/DD/YYYY)

10/3/2011

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

<b>AGENCY</b> Alliance Insurance 6970 E. Chauncey Lane Suite 110 Phoenix AZ 85054		<b>COMPANY</b> StarNet Insurance Company		<b>BINDER #</b> B1110334065	
<b>PHONE (A/C, No, Ext):</b> (602) 494-1175		<b>FAX (A/C, No):</b> (602) 494-1175		<b>DATE EFFECTIVE</b> 10/5/2011	
<b>CODE:</b> 00123912		<b>SUB CODE:</b>		<b>TIME</b> 12:01	
<b>INSURED</b> Sunset Village Corp 212 W Kinzie Street 3rd Floor Chicago IL 60654		<b>THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY</b> PER EXPIRING POLICY #: TBD		<b>EXPIRATION DATE</b> 01/5/2011	
<b>DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)</b> Owner and operator of mobile home parks.		<b>DATE</b> 10/5/2011		<b>TIME</b> 12:01 AM	

## COVERAGES

## LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
<b>PROPERTY</b> CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input checked="" type="checkbox"/> SPEC	Special Form - Replacement Cost Values per proposal.	\$40,000	0	Per Proposal
<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	RETRO DATE FOR CLAIMS MADE	EACH OCCURRENCE DAMAGE TO RENTED PREMISES MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$ \$ \$ \$ \$ \$	1,000,000 100,000 5,000 1,000,000 2,000,000 1,000,000
<b>VEHICLE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PROT UNINSURED MOTORIST	\$ \$ \$ \$ \$ \$	
<b>VEHICLE PHYSICAL DAMAGE</b> DED <input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES		ACTUAL CASH VALUE STATED AMOUNT	\$ \$	
<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO		AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY EACH ACCIDENT AGGREGATE	\$ \$ \$ \$	
<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE	EACH OCCURRENCE AGGREGATE SELF-INSURED RETENTION WC STATUTORY LIMITS	\$ \$ \$ \$	
<b>WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY</b>		E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	\$ \$ \$	
<b>SPECIAL CONDITIONS / OTHER COVERAGES</b>		FEES TAXES ESTIMATED TOTAL PREMIUM	\$ \$ \$	

## NAME & ADDRESS

Kinzie Real Estate Group Matt Nix 212 W Kinzie Street , 3rd Floor Chicago, IL 60654	<input type="checkbox"/> MORTGAGEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
	AUTHORIZED REPRESENTATIVE Louis Serro/DGALL	

ACORD 75 (2010/04)

INS075 (201004).02

Page 1 of 2

© 1993-2010 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD



# INSURANCE BINDER

DATE (MM/DD/YYYY)

10/3/2011

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

<b>AGENCY</b> Alliance Insurance 6970 E. Chauncey Lane Suite 110 Phoenix AZ 85054		<b>COMPANY</b> AIG Excess Casualty		<b>BINDER #</b> B1110334066	
<b>PHONE (A/C, No, Ext):</b> (602) 494-1175		<b>FAX (A/C, No):</b> (602) 494-1175		<b>EXPIRATION</b> DATE TIME DATE TIME 10/5/2011 12:01 PM 1/5/2012 12:01 AM	
<b>CODE:</b> 00123912		<b>SUB CODE:</b>		THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: TBD	
<b>INSURED</b> Sunset Village Corp 212 W Kinzie Street 3rd Floor Chicago IL 60654		<b>DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)</b> Owner and operator of mobile home parks			

## COVERAGES

## LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
<b>PROPERTY</b> CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC				
<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE DAMAGE TO RENTED PREMISES MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG		\$ \$ \$ \$ \$ \$
<b>VEHICLE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PROT UNINSURED MOTORIST		\$ \$ \$ \$ \$ \$
<b>VEHICLE PHYSICAL DAMAGE</b> DED <input type="checkbox"/> COLLISION: <input type="checkbox"/> OTHER THAN COL:	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES	ACTUAL CASH VALUE STATED AMOUNT		\$ \$
<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO		AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EACH ACCIDENT AGGREGATE		\$ \$ \$ \$
<b>EXCESS LIABILITY</b> <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE AGGREGATE SELF-INSURED RETENTION		\$ 5,000,000 \$ 5,000,000 \$ 10,000
<b>WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY</b>		WC STATUTORY LIMITS E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT		\$ \$ \$ \$
<b>SPECIAL CONDITIONS / OTHER COVERAGES</b>		FEES TAXES ESTIMATED TOTAL PREMIUM		\$ \$ \$

## NAME & ADDRESS

Kinzie Real Estate Group Matt Nix 212 W Kinzie Street 3rd Floor Chicago, IL 60654	<input type="checkbox"/> MORTGAGEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
	AUTHORIZED REPRESENTATIVE Louis Serro/DGALL	

ACORD 75 (2010/04)

INS075 (201004).02

Page 1 of 2

© 1993-2010 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

3<sup>rd</sup> Receiver Report  
CASE NO. 10-cv-07633  
November 17, 2011

---

# **EXHIBIT D**

## **SUMMARY OF FINANCIAL CONDITION**

## Sunset Village

11/18/2011  
4:44 PM

## Summary of Financial Condition:

	6/30/2011	7/31/2011	8/31/2011	9/30/2011	10/31/2011	2011 TOTALS	Budget November 2011	Budget December 2011
Rental Income Received	13,768.00	199,348.34	190,571.10	156,104.93	170,688.08	730,478.45	165,000.00	160,000.00
Prepaid Rent Received					14,930.00	14,930.00		
Propane Income Received	5,749.21	6,736.00	6,860.00	4,799.00	4,816.00	28,960.21	3,000.00	3,000.00
Enterprise Ground Lease Payment		4,800.00	4,800.00	4,800.00	4,800.00	19,200.00	4,800.00	4,800.00
Sales Commission Income					6,500.00	6,500.00		
Initial Deposit from Previous Borrower	206,162.57					206,162.57		
Total Income received to date	225,679.78	210,884.34	202,231.10	165,703.93	201,732.08	1,006,231.23	172,800.00	167,800.00
Less: Expenses paid to date	(43,301.66)	(49,151.47)	(184,734.77)	(56,778.17)	(279,241.74)	(613,207.81)	(133,195.19)	(95,695.19)
Add: Trailer Haul-off Deposits			3,000.00	3,000.00	(1,000.00)	5,000.00		
Add: Accounts Payable	5,981.90	2,202.07	20,116.26	(511.50)	(16,814.97)	10,973.76		
Net Property Cash Flow to date (Operating Acct Bal)	188,360.02	163,934.94	40,612.59	111,414.26	(95,324.63)	408,997.18	39,604.81	82,104.81
Amount Received from Borrower	437,540.55					437,540.55		
Real Estate Taxes Paid	(436,588.10)					(436,588.10)		
Bank Fee		55.00		(15.00)	(15.00)	25.00		
Real Estate Bank Account Balance	952.45	55.00	-	(15.00)	(15.00)	977.45	-	-

## Summary of Expenses by Category:

Repairs & Maintenance Expenses - Common Areas	8,421.07	4,211.86	4,681.47	3,990.97	7,667.00	28,972.37	7,500.00	7,500.00
Repairs & Maintenance Expenses - Individual Units		2,878.03	294.31			3,172.34		
Petty Cash	500.00					500.00		
Water Testing & Maintenance	1,764.48		23,243.08	4,872.27	7,750.55	37,630.38	8,700.00	1,200.00
Ground Lease Payment	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	110,385.00	22,077.00	22,077.00
On-Site Maintenance Work	3,761.25	5,330.25	4,921.50	4,906.75	5,075.50	23,995.25	25,700.00	5,200.00
Property Manager Salaries	6,084.34	2,307.70	2,307.70	2,307.70	2,307.70	15,315.14	2,307.70	2,307.70
Leasing & Sales Salaries		2,769.24	2,769.24	2,769.24	2,769.24	11,076.96	2,769.24	2,769.24
Administrative Salaries		3,235.50	2,989.25	3,048.50	3,081.63	12,364.88	2,989.25	2,989.25
Sales Commission Expense					1,200.00	1,200.00		
Telephone	230.24				106.68	336.92	250.00	250.00
Licensing	197.60					197.60		
Insurance Expenses					11,322.15	11,322.15	3,302.00	3,302.00
Utility Expenses				1,904.70	12,798.96	17,103.45	3,500.00	3,500.00
Utility Expenses - Vacancies					16.94	16.94		
Landscaping							2,500.00	2,500.00
Trash Removal	2,400.00		3,035.00		5,334.51	5,435.00	12,000.00	7,500.00
Sewer Repair	2,210.13		13,573.32	8,492.44		29,610.40	20,000.00	5,000.00
Propane Expense			38,601.76			38,601.76	1,500.00	1,500.00
Accounting Software Expense			9,168.04	1,317.86	1,684.69	12,170.59	250.00	250.00
Office & Administrative Expenses	33.69			925.00	275.00	1,200.00	100.00	100.00
Postage & Delivery	206.99	19.00	138.27	165.74	75.00	412.70	250.00	250.00
Bank Fees	25.00	112.76	208.39		120.81	466.96		
Receiver Services & Court Bond Cost		1,600.00	54,326.65		10,898.76	66,825.41	17,500.00	17,500.00
Sub-Total Expenses paid to date	43,301.66	49,151.47	184,734.77	56,778.17	94,572.12	428,538.19	133,195.19	85,695.19
Property Taxes paid from Operating Account					184,669.62	184,669.62		
Total Expenses paid to date	43,301.66	49,151.47	184,734.77	56,778.17	279,241.74	613,207.81	133,195.19	85,695.19

Oct-31-11

Z:\KREG Services\Sunset Village\Receiver Reports\3rd Receiver Report\COPY of Sunset Village - Summary of Financial Condition Exhibit - 3rd Report



3<sup>rd</sup> Receiver Report  
CASE NO. 10-cv-07633  
November 17, 2011

---

# **EXHIBIT E**

## **RECEIVER SERVICES INVOICES**

212 W Kinzie Street, 5th Floor, Chicago, IL 60654  
t: 312.464.8800 • f: 312.464.8801  
**[www.kinziegroup.com](http://www.kinziegroup.com)**

# Invoice

<b>DATE</b>	<b>INVOICE #</b>
10/24/2011	1310
<b>TERMS</b>	<b>DUE DATE</b>
Net 30	11/23/2011

BILL TO

Jefferson-Pilot Investments, Inc  
2450 Waukegan Rd.  
Northfield, IL 60093  
Sunset Village

Description	Amount
• Accounting Services:Assistant Controller, 15 mins @ \$95.00/hr	23.75
• Construction/Project Management Services:Senior Project Manager, 8 hrs 45 mins @ \$195.00/hr	1,706.25
• Receiver, 13 hrs 15 mins @ \$275.00/hr	3,643.76
• Administrative Services:Administrative Assistant, 18 hrs 30 mins @ \$75.00/hr	1,387.50
• Accounting Services:Controller, 10 hrs 15 mins @ \$130.00/hr	1,332.50
• Construction/Project Management Services:Real Estate Manager, 12 hrs 45 mins @ \$220.00/hr	2,805.00
Sunset Village Grant O'Neil P.	TOTAL \$10,898.76

Sunset Village  
Court Ordered Receiver  
Case No. 10 CV 07699  
Receivership Services 9.1.11-9.30.11

**Kinzie Real Estate Group**  
**Time Activities by Client Detail**  
 Activity: September 2011

Activity Date	Product/Service	Description	Rate	Duration	Amount
<b>Sunset Village</b>					
09/01/2011	Administrative Services:Administrative Assistant	Contact ComEd to change over additional accounts into Receivers name.	75.00	0:30	37.50
09/01/2011	Receiver	Review invoices and authorized payments and sign checks for property (asset).	275.00	0:06	27.50
09/01/2011	Administrative Services:Administrative Assistant	Communication with vendor and their insurance agent to get insurance required to work on property.	75.00	0:30	37.50
09/01/2011	Receiver	Discussions and correspondence on property, Layne Christenson looking to get paid for work done prior to receivership and looking to remove materials installed per contract with Sunset Village and or Capital First.	275.00	1:15	343.75
09/01/2011	Accounting Services:Assistant Controller	Accounts Receivable Reconciliation/ Update Cash Control	95.00	0:15	23.75
09/06/2011	Administrative Services:Administrative Assistant	input payables	75.00	0:45	56.25
09/06/2011	Construction/Project Management Services:Real Estate Manager	Call with staff to discuss deposits and procedures of trucking cos. removing trailers, required deposits, discussion about equipment repairs, discussion about upcoming resident meeting; call to demo contractor to discuss various site related jobs, call to attorney seeking to purchase on behalf of coop.	220.00	0:45	165.00
09/06/2011	Administrative Services:Administrative Assistant	Approve invoices.	75.00	0:15	18.75
09/06/2011	Accounting Services:Controller	Approve bi-weekly timesheets for payroll.	130.00	0:30	65.00
09/06/2011	Receiver	Property management and review of certified letter by well installation.	275.00	0:50	229.17
09/07/2011	Construction/Project Management Services:Senior Project Manager	Administrative issues with staff, correspondence with attorney concerning mechanics lien/repossession of pump equipment by contractor, fielded call from resident's association concerning their desire to purchase property and form a coop	195.00	1:15	243.75
09/07/2011	Administrative Services:Administrative Assistant	pulled checks from files, voided and reissued checks lost in mail, ran reports, updated batch control, processed checks for mailing.	75.00	1:00	75.00

Activity Date	Product/Service	Description	Rate	Duration	Amount
09/07/2011	Administrative Services:Administrative Assistant	review and post payables	75.00	0:30	37.50
09/08/2011	Administrative Services:Administrative Assistant	contacted vendor for compliance via telephone and email correspondence. Updated batch control	75.00	0:45	56.25
09/08/2011	Construction/Project Management Services:Senior Project Manager	On site meeting with admin and maintenance staff to discuss/inspect various maintenance repairs and outstanding issues, held evening meeting with 100+ residents to provide 90 day Receivership status update and field questions	195.00	2:45	536.25
09/08/2011	Receiver	Presentation to community for property issues and for progress update of foreclosure case.	275.00	3:30	962.50
09/09/2011	Administrative Services:Administrative Assistant	cut, processed checks for mailing, file administration.	75.00	0:30	37.50
09/09/2011	Administrative Services:Administrative Assistant	Phone call from rental office regarding utility bill.	75.00	0:15	18.75
09/09/2011	Construction/Project Management Services:Real Estate Manager	Follow up on various resident related issues raised in the all resident evening meeting on 9/8/11; assist on site staff with vendor issues (credit/payment related), correspondence with insurance broker for new quote	220.00	0:45	165.00
09/12/2011	Receiver	Discussion regarding water issues, property management issues and regarding evictions and trailer removals.	275.00	0:50	229.17
09/12/2011	Administrative Services:Administrative Assistant	Follow up phone call to AT&T regarding phone service.	75.00	1:15	93.75
09/12/2011	Administrative Services:Administrative Assistant	File administration, mailing checks.	75.00	0:15	18.75
09/13/2011	Construction/Project Management Services:Senior Project Manager	Construction/repair related matters discussed with on-site staff and subcontractors	195.00	0:15	48.75
09/13/2011	Administrative Services:Administrative Assistant	Voided original payroll checks, pulled invoices, re-cut checks, prepared checks for pickup. updated batch control sheet and printed reports, input payables, file administration. Continued vendor correspondence to obtain insurance information.	75.00	2:00	150.00
09/13/2011	Administrative Services:Administrative Assistant	Approve invoices.	75.00	0:15	18.75
09/13/2011	Administrative Services:Administrative Assistant	transfer files for vendor to server	75.00	0:15	18.75
09/13/2011	Receiver	Approval of invoices and check signing.	275.00	0:06	27.50

Activity Date	Product/Service	Description	Rate	Duration	Amount
09/14/2011	Administrative Services:Administrative Assistant	Updated system with vendor compliance.	75.00	0:30	37.50
09/14/2011	Administrative Services:Administrative Assistant	Follow up phone call to AT&T regarding phone service.	75.00	0:30	37.50
09/14/2011	Construction/Project Management Services:Real Estate Manager	On-site to deal with emergency watermain break directing on-site staff and subcontractor, interfacing with village officials/police/fire/public works/water reclamation district; following up on resident issues via email and phone	220.00	2:45	605.00
09/14/2011	Receiver	Emergency waiver for pipe burst in basement of rec center and property management.	275.00	0:50	229.17
09/15/2011	Construction/Project Management Services:Real Estate Manager	Fielded call from tenant about rent dispute with on-site staff; responded to email from resident threatening litigation over rebate program; call with equipment provider concerning outstanding issues with IEPA/Radium water issues	220.00	1:00	220.00
09/15/2011	Accounting Services:Controller	Update cash control and approve check run for payout.	130.00	0:30	65.00
09/15/2011	Administrative Services:Administrative Assistant	Update property tax and insurance information for Receiver's Report. Update Receiver's Report.	75.00	1:45	131.25
09/15/2011	Receiver	Approval of invoices and check signing.	275.00	0:06	27.50
09/16/2011	Construction/Project Management Services:Real Estate Manager	Various calls relating to Layne Christensen lien and threat to repossess well equipment; call with staff concerning various site issues including new village requirements for demo permits, inquiries concerning additional help with IEPA water issue.	220.00	0:45	165.00
09/16/2011	Receiver	Review property assessment for real estate taxes, lien issues and eviction issues.	275.00	0:45	206.25
09/16/2011	Administrative Services:Administrative Assistant	Follow up phone call to AT&T regarding phone service.	75.00	0:30	37.50
09/19/2011	Administrative Services:Administrative Assistant	Approve invoices.	75.00	0:15	18.75
09/19/2011	Receiver	Property management.	275.00	0:50	229.17
09/19/2011	Accounting Services:Controller	Approved employee timesheets for payroll	130.00	0:15	32.50
09/19/2011	Construction/Project Management Services:Senior Project Manager	Met with civil engineer specializing in well systems to discuss various issues related to ongoing EPA violations of the on site well system	195.00	1:00	195.00
09/19/2011	Accounting Services:Controller	Produce financial statements, process bank reconciliation, complete financial section &	130.00	7:45	1,007.50

Activity Date	Product/Service	Description	Rate	Duration	Amount
09/20/2011	Administrative Services:Administrative Assistant	exhibits for Receiver's Report Input payables, review and post batch to AP file administration.	75.00	0:45	56.25
09/20/2011	Accounting Services:Controller	Finalize the accounting portion of the Receiver report and show monthly expenses.	130.00	0:30	65.00
09/21/2011	Construction/Project Management Services:Real Estate Manager	Gather additional data, drafted and finalized 2nd Receiver report, distributed report; follow up call with plaintiff's attorney concerning report	220.00	2:30	550.00
09/21/2011	Receiver	Review of Receivers Report before submittal to court for approval. Property management issues, invoice review and check signing.	275.00	1:00	275.00
09/22/2011	Construction/Project Management Services:Real Estate Manager	Various issues including dealing with trucking companies who have created damage on-site during trailer removal and reconsidering deposit policy; call with vendor regarding repossession of major equipment for well system	220.00	1:15	275.00
09/22/2011	Receiver	Invoice review/approval and checking signing.	275.00	0:06	27.50
09/22/2011	Administrative Services:Administrative Assistant	Input invoices, run and review batch reports, post to AP, update batch control and file administration. Weekly check run. Compile and distribute checks to vendors and onsite staff.	75.00	2:15	168.75
09/26/2011	Administrative Services:Administrative Assistant	Approve invoices and update spread sheets.	75.00	0:30	37.50
09/26/2011	Administrative Services:Administrative Assistant	Input invoices, run and review batch reports, post to AP, update batch control and file administration. Weekly check run. Compile and distribute checks to vendors and onsite staff.	75.00	1:15	93.75
09/26/2011	Construction/Project Management Services:Real Estate Manager	Various correspondence regarding Manage America accounting system issues; site work issues regarding demo and paving repairs; correspondence with plaintiff attorney regarding additional financial information requested by plaintiff	220.00	0:45	165.00
09/26/2011	Receiver	Follow up to issues relating to meeting with plaintiffs. Attorney general communication regarding status of property water and sewage and submittal of Receivers Report.	275.00	0:40	183.33
09/27/2011	Administrative Services:Administrative Assistant	Input payables, run and review batch reports, post to ap, update batch control, and file administration.	75.00	0:30	37.50
09/27/2011	Construction/Project Management	Correspondence and review of various accounting reports with	195.00	1:45	341.25

Activity Date	Product/Service	Description	Rate	Duration	Amount
	Services:Senior Project Manager	on-site staff, assembled various exhibits and drafted memo for meeting with plaintiff and plaintiff attorney			
09/28/2011	Receiver	Invoice review/approval and checking signing.	275.00	0:06	27.50
09/28/2011	Accounting Services:Controller	Contact Chase regarding insurance for the bank accounts.	130.00	0:15	32.50
09/28/2011	Receiver	Meeting with plaintiff and attorney's for property update and status of community.	275.00	2:15	618.75
09/28/2011	Construction/Project Management Services:Senior Project Manager	Preparation and meeting with plaintiff, plaintiff attorney for meeting to discuss property status and various outstanding issues	195.00	1:45	341.25
09/30/2011	Construction/Project Management Services:Real Estate Manager	Site meeting with staff to inspect various property issues and repairs, placed calls to various trucking companies and directed correspondence to lenders concerning homes sold at auction which have not been removed or signed leases. Correspondence with insurance broker regarding terms of policy renewal. Correspondences with village of Glenview checking on permits and outstanding issues. Correspondence with civil engineer consultant about well and wastewater issues raised by attorneys general office.	220.00	2:15	495.00
09/30/2011	Administrative Services:Administrative Assistant	run open payables for approval, cut and prepare checks for signing.. Process checks for mailing	75.00	0:45	56.25
09/30/2011	Accounting Services:Controller	Approve timecards for bi-weekly payroll	130.00	0:30	65.00
<b>Total for Sunset Village</b>				<b>63:45</b>	<b>\$10,898.76</b>

Friday, Oct 21, 2011 12:52:21 PM PDT GMT-7